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China: Labor Conditions and Unrest

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Summary

China's labor conditions have become a key variable affecting its domestic politics and economic policies, U.S. human rights policies toward China, and U.S.-China trade. Deepening economic reforms in the People's Republic of China (PRC) since the early 1990s have imposed hardships upon many urban industrial workers, who were once among the most economically-privileged social classes in the country. While raising living standards for many Chinese, the reforms have eroded the material well-being and job security of many workers in state-owned enterprises (SOEs). Bankruptcies of many SOEs have led to an unprecedented urban unemployment rate of between 10% and 20%. Consequently, labor demonstrations and protests have become a frequent occurrence in some Chinese cities. Many experts predict that China's entry into the World Trade Organization will lead to even more plant closings, economic dislocation, social unrest, and opposition to reforms. In addition, egregious labor rights violations have reportedly taken place in many factories operated by foreign investors in China's export zones.

The Chinese government has attempted to implement laws and programs that protect labor rights and provide social welfare benefits while punishing labor rights activists and independent union organizers. Labor demonstrations generally have been localized and their goals have been economic rather than politically-motivated. Nonetheless, the PRC government is worried about the potential social and political effects of continued or growing labor unrest.

U.S. Congressional goals and concerns regarding Chinese labor include supporting labor rights in China and preventing the import of goods from the PRC that were made from prison, sweatshop, or child labor. P.L. 106-286, authorizing permanent normal trade relations treatment (PNTR) to the PRC, establishes a Congressional-Executive Commission on the PRC to monitor China's compliance with international human rights standards, including worker rights. Furthermore, China's entry into the World Trade Organization is likely to benefit some Chinese economically while hurting others, thereby generating some resistance in China to complying with WTO agreements. Some experts and Members of Congress argue that Chinese workers lack basic rights and have become more exploited under market-oriented reforms. Others contend that U.S. trade and investment have improved the lives of many Chinese workers, helped to create a new middle class with progressive political values, and produced a large market for American goods.

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Congressional Interests

China's labor conditions have become a key variable affecting its domestic politics and economic policies, U.S. human rights policies toward China, and U.S.-China trade. The United States Congress has several ongoing interests regarding labor conditions and unrest in the People's Republic of China (PRC), including human rights, the trade deficit, China's compliance with World Trade Organization agreements, and political stability in the PRC. Many Members of Congress argue that the PRC government should uphold basic labor rights and other freedoms in return for U.S. economic and political cooperation. They contend, furthermore, that the exploitation of labor in the PRC gives Chinese manufacturers an unfair competitive advantage.¹ Some foreign policy analysts warn that rising labor unrest in China may compel the PRC government to stall reforms of the state-owned sector and to impose non-tariff barriers upon foreign competition. Others argue that the PRC leadership's fears of social unrest may impede the implementation of political reforms in the next decade.

In 1998 and 1999, the House International Relations Committee and the Senate Foreign Relations Committee (105th and 106th Congresses) heard testimony by U.S. and PRC labor and human rights activists regarding working conditions in China. Some Members supported legislation that would require U.S. corporations doing business in China to adhere to international labor standards and protect the rights of their PRC workers.² P.L. 106-286, authorizing permanent normal trade relations treatment (PNTR) to the PRC, establishes a Congressional-Executive Commission on the PRC to monitor China's compliance with international human rights standards, including worker rights. The 107th Congress has also taken notice of labor conditions in China. H.Con.Res. 73, which expressed the sense of Congress that the 2008 Olympic Games should not be held in Beijing unless China improved its human rights record, criticized the PRC for restricting workers' rights and using forced labor. On July 23, 2001, the House of Representatives passed H.Res. 121, which expresses condolences to the families of the 37 Fanglin elementary school students who died in an explosion while allegedly being forced to manufacture fireworks for school officials. The resolution supports international trade agreements and policies that enforce the core labor standards of the International Labor Organization (ILO). The Department of Labor and the State Department also monitor and report upon Chinese labor conditions.

Human Rights Concerns

Chinese workers lack the right to form labor unions independent of state control. The PRC government does not have a policy of promoting the manufacture of prison-made goods for export and the practice does not appear to be widespread; however, some local governments have reportedly tolerated such activity. Some of the worst violations of labor rights have occurred in factories owned by East Asian investors, many of which fill contracts for American companies. Several large U.S. companies have begun to impose labor standards upon their suppliers in China.

¹ In 2000, the PRC surpassed Japan as the country with whom the United States incurs its largest trade deficit (\$83 billion). See CRS Report for Congress RL30557, *China's International Trade: Data and Trends*, by Dick K. Nanto and Thomas Lum.

² See "The People's Republic of China Policy Act of 1999," (S. 89 – Hutchinson), Sec. 404.

China's Compliance with International Labor Standards

ILO Conventions

China has ratified two of the International Labor Organization's eight core conventions and seventeen overall (eleven of them were ratified before the communist revolution of 1949). (**Table 1.**) The ILO operates an office in Beijing and has reported cooperative efforts in many areas, including labor administration, social security, occupational safety and health, and non-discrimination. In May 2001, the ILO and the PRC signed a memorandum of understanding aimed at improving labor practices, reforming dispute settlement mechanisms, and strengthening ILO-PRC collaboration.³

Table 1. ILO Conventions Ratified by China

ILO Core Conventions Ratified by China	Date Ratified
No. 29: Forced Labor	
No. 105: Abolition of Forced Labor	
No. 87: Freedom of Association and Protection of the Right to Organize	
No. 98: Right to Organize and Collective Bargaining	
No. 100: Equal Remuneration	11/2/90
No. 111: Discrimination (Employment and Occupation)	
No. 138: Minimum Age	4/28/99

Rights to strike and form independent unions

There is currently no provision in the PRC Labor Law granting the right to strike, nor has there been any constitutional guarantee of such right since 1982. In many cases of private enterprises and foreign-owned companies using migrant labor, workers who have gone on strike have been fired. However, strikes are not explicitly illegal, and the PRC government has acknowledged and tolerated many strikes that have occurred, especially in the faltering state-owned sector.⁴ Labor unions that have not been approved by the state are illegal, although the government has reportedly allowed the formation of some loosely-organized labor associations formed by rural workers who have migrated to the cities. On February 28, 2001, China ratified the International Covenant on Economic, Social and Cultural Rights, which includes a section guaranteeing the right to organize and form independent trade unions. However, the PRC government reserved the right to interpret Article 8, Clause 1 of the covenant in a manner consistent with the PRC Constitution, the Labor Law, and Trade Union Law, which permit only one trade union – the All China Federation of Trade Unions (ACFTU). The covenant also provides for safe and healthy working conditions and for equality in the workplace.

³ See CRS Report RL30896, *Vietnam's Labor Rights Regime: An Assessment*, by Mark Manyin, et. al., section on China's labor regime.

⁴ An article in a legal journal argued that some strikes were good because they aided the government in its anti-corruption campaign. It suggested that the government permit strikes, but only after the legal system and legal understanding were developed further. *Beijing Legal Research (Beijing Faxue Yanjiu)*, 15 November 1999, translated in FBIS, November 15, 1999.

Child labor

Until recently, the ILO and UNICEF maintained that there was not a significant child labor problem in China, particularly in the formal and export-oriented economic sectors.⁵ However, the decentralization and privatization of the economy has produced widening income gaps, a breakdown in social welfare and other public services, and greater opportunities for crime and corruption. Stagnating rural incomes, rising fees for school, and family financial crises have compelled some poor, rural parents to send their children to work.⁶ There have been isolated incidents of traffickers bribing local authorities and taking children from destitute parents after promising to find them well-paid work.⁷ Estimates of the number of child laborers in China range from “the tens of thousands” to several million. Underage labor (13-15 years of age) has been reported in small factories and mines in rural and remote areas and in the cities where young teenagers work as car washers, garbage collectors, and street vendors. Underage workers have reportedly used fake i.d.’s to work in some foreign-run factories in the coastal provinces.⁸ In March 2001, an explosion at Fanglin primary school in a remote area of Jiangxi province killed 37 children who had been manufacturing firecrackers for the school.⁹ The ACFTU as well as Chinese mass media, non-governmental organizations, and lawyers have researched and publicized the problem of child labor and provided assistance to underage workers.¹⁰

Prison labor

On August 7, 1992, the United States and the PRC signed a Memorandum of Understanding (MOU) to ensure that products involving prison labor would not be exported to the United States. The MOU also provided for the joint investigation of allegations of the export of goods made by prison labor.¹¹ However, China has only allowed seven visits by U.S. Customs officials and has turned down seventeen additional requests. Furthermore, experts speculate that, in some cases, U.S. Customs officials have been allowed to visit sites only after local government authorities had removed evidence of prisoners making products for export.

Prison labor in China is driven chiefly by the economic system of the prisons, rather than a central government policy of expanding prison production for export. The PRC has long practiced reforming prisoners’ attitudes through labor (“labor reform” or *laogai*) and of making prisons financially self-sufficient through the sale of prison-made products. Many prisons produce industrial goods such as textiles, machine tools, automotive parts, diesel engines, electronics, machine tools, paper, bricks, and electronics. Some prison factories, using labels that do not reveal their true identities, have earned national awards for quality and gained export markets in other developing countries of South Asia, Southeast Asia, and Africa. Reported evidence of prison labor exports to the United States include textiles, artificial flowers, Christmas tree lights, rubber

⁵ U.S. Department of State, “1999 Country Report on Economic Policy and Trade Practices – China.”

⁶ One year of school expenses in rural China can surpass the average family income, so that many children do not continue schooling past age thirteen. See Kathy Wilhelm, “The Great Divide,” *Far Eastern Economic Review*, November 30, 2000.

⁷ In May 2001, the Intermediate Court of Guizhou, one of China’s poorest provinces, sentenced eight child-traffickers to death for allegedly abducting and selling 42 infants, 41 boys, and one girl from 1997 through 1999. *Beijing Review*, May 31, 2001.

⁸ “McDonalds Gets Minced,” *Asian Wall Street Journal*, September 6, 2000.

⁹ Philip Pan, “China Backtracks on School Blast,” *Washington Post*, March 16, 2001.

¹⁰ Calum and Lijia MacLeod, “Never Seen, Never Heard,” *South China Morning Post*, July 12, 2000.

¹¹ See CRS Report, RL30555, *China-U.S. Trade Agreements: Compliance Issues*, by Wayne M. Morrison.

boots, machine tools, and automotive goods.¹² The PRC government denies knowledge of any products made by Chinese prisoners that have been exported to the United States.

The number of prison laborers in China has reportedly been on the rise since the early 1980s. According to one estimate, 1,250 to 2,000 *laogai* facilities incarcerate 2 to 6 million inmates. In one *laogai* prison in Hunan province where a group of inmates recently circulated a petition for better treatment, about 2% of the population were broadly defined as political prisoners. Other reports claim that China's prisons hold about 2,000 political prisoners. However, the markets for *laogai* goods may be shrinking. Some analysts argue that while prison labor continues, the low quality of prison production, the over-supply of non-prison labor, and economic reforms have made prison labor unprofitable, especially for the export market.¹³

In 1997, U.S. Customs Service Commissioner George J. Wise testified that it was "impossible to determine" the extent to which U.S. imports from China originated in *laogai* facilities.¹⁴ Some recent evidence of Chinese prison labor exports confirms that such products are difficult to detect and indicates that they are likely to be light industrial or labor-intensive goods involving more than one layer of subcontracting. Most Chinese exports to the U.S. are made according to U.S. company specifications and exported under U.S. company labels. Often, the Chinese or foreign company that agrees to make these goods subcontracts some of the production to other sources, in some cases allegedly involving prison labor.¹⁵ For example, U.S. Customs agents uncovered a case in which Nanjing prison officials were paid by a (non-U.S.) foreign subcontractor to have sixty female prisoners make parts for U.S. office products.¹⁶ In another case, prisoners were sent to a rural workshop that assembled soccer balls for a large Shanghai company with Japanese and American buyers.¹⁷ The Laogai Research Foundation recently reported that four clothing manufacturers based in Hong Kong that make clothing for American labels were found to have subcontracted to a prison labor facility in neighboring Guangdong province.

Labor reeducation

In addition to labor reform camps, the PRC also maintains a system of "labor reeducation" (*laojiao*) camps for citizens who committed socially disruptive but non-criminal acts. In these cases, no trial is granted, but sentences legally do not exceed three years. A human rights group estimated that in the late 1990s, the number of labor reeducation detainees totaled around 200,000 persons.¹⁸ In 2000, a Chinese law professor urged abolishment of the labor reeducation system.¹⁹ However, the PRC has detained thousands of Falun Gong protesters in such camps since 1999, and in February 2001 rejected calls by United Nations Human Rights Commissioner Mary Robinson to eliminate the *laojiao* system.

¹² Laogai Research Foundation <http://www.laogai.org/>.

¹³ Philip P. Pan, "China's Prison Laborers Pay Price for Market Reforms," *Washington Post*, June 14, 2001. See also testimony of Harry Wu, founder of the Laogai Research Foundation, before the House Committee on International Relations, Subcommittee on International Operations and Human Rights, 105th Congress, May 22, 1997.

¹⁴ Testimony of George J. Weise, Commissioner, United States Customs Service, Before the Senate Committee on Foreign Relations, May 21, 1997.

¹⁵ Many foreign or non-PRC firms in China that produce goods for American companies are from Hong Kong, Taiwan, and South Korea.

¹⁶ "Factory Used Inmates as Free Labour," *South China Morning Post*, March 2, 2001.

¹⁷ "Adidas Looks into Prison-Labor Claim," *The Oregonian*, June 27, 1998.

¹⁸ Human Rights in China (HRIC) <http://www.hrichina.org>.

¹⁹ "Enacting a Law on 'Reeducation through Labor'," *Guangzhou Nanfang Zhoumo* (*Guangzhou Southern Weekly*), November 2, 2000, translated in FBIS, November 4, 2000.

Labor Conditions in Foreign-Invested Enterprises

Labor rights abuses

In the 1980s, several “special economic zones” (SEZs) were established along China’s eastern seaboard to attract foreign investors and encourage them to set up export-oriented production facilities. By the mid-1990s, an estimated 17 million workers – mostly young, female, and newly arrived from impoverished rural areas in China’s interior – had found work in the SEZs. During this time, the rate of industrial accidents in Chinese mines and light industrial factories reached staggering proportions. Deadly factory fires were reported yearly in Guangdong province, where three SEZs are located. In some cases, workers were trapped inside burning buildings because doors had been locked. In 1998, in Shenzhen SEZ, which borders Hong Kong, over 12,000 workers were reportedly injured – many of them were maimed – and 80 died in industrial accidents.²⁰

Some of the most egregious forms of worker exploitation have occurred in non-unionized factories that are owned and managed by East Asian investors.²¹ Reported labor abuses in some foreign firms include physical punishment, verbal humiliation, severe restrictions on movement, and lack of rest. Since many of the perpetrators are foreign, the violations have been well-covered in the Chinese press. Workers have described various forms of physical punishment, including being struck or slapped and ordered to kneel or stand on a stool. Some managers have prohibited employees from talking or using the toilet more than twice daily. Other alleged abuses are 12-13-hour work days without overtime pay, being fired without just cause, and lack of compensation for injury. Many of these foreign enterprises have not paid taxes for accident and unemployment insurance funds.

Some workers who want to quit do not have the freedom to do so. Migrants must pay a fee worth from a month’s to a year’s wages in order to obtain a temporary residency permit in the factory town. There are many reports of foreign bosses loaning money for such permits and then withholding wages or permits for months or years until the workers compensate their employer. In addition, foreign-funded companies often require employees to submit a deposit which is forfeited if they quit without permission or are fired. These financial constraints tie workers to their factory and discourage complaints.

Both the PRC government and American companies have made efforts to improve worker health and safety. The Ministry of Labor, in consultation with the International Labour Organization (ILO), has begun an occupational safety campaign and closed one-third of unlicensed coal mines. However, according to a report by the *Beijing Morning Post*, the number of mine accidents are vastly under reported.²² The central government has frequently blamed local officials for colluding with the owners and managers of privately-owned and collectively-run mines which flout state safety regulations. The PRC government reported that the number of industrial accidents nationwide fell 16% in 1998 to 15,372 and another 14% in 1999 to 13,258 due to efforts to improve labor conditions.²³ In 2001, the government estimated that about 10,000 factory workers are injured yearly.

²⁰ The actual number is likely to be much higher. See John Pomfret, “In China, No Workers’ Paradise,” *Washington Post*, January 11, 2000.

²¹ Mainly from Hong Kong, Taiwan, and South Korea.

²² *Asian Labour Update* <http://www.amrc.org.hk/alu.htm>.

²³ The number of work-related deaths in 1999 fell 14% to 12,587. See U.S. Department of State, “2000 Country Reports on Human Rights Practices – China.”

Codes of Conduct

Observers have noted relatively good working conditions at American-operated manufacturing facilities. However, much of the production for many American investors in China is subcontracted to East Asian companies. In 1999, several U.S. corporations in China, including Levi Strauss, Mattel, and Reebok, jointly developed a “Code of Conduct” by which to promote and monitor international labor standards and to sever ties with subcontractors who did not meet minimum requirements. Other companies have also promoted international “codes of ethics” and corporate conduct guidelines in their Chinese affiliates.²⁴ Social Accountability International (SAI), a New York-based labor rights group with U.S. government funding, monitors and certifies factories that subcontract to U.S. companies. American signatories include Avon, Dole Food, and Toys R Us.²⁵ Though difficult to enforce without stronger local government intervention and independent union pressure and affecting only a small fraction of all factories, these guidelines have reportedly produced some improvements in labor conditions.²⁶

PRC Labor Laws

China’s National Labor Law, ratified in 1995, represented a significant achievement for worker rights. However, China’s official labor union, the ACFTU, acts as a weak advocate for workers, and many workers have no representation. Although the PRC government has encouraged the ACFTU to defend labor rights and interests, the union lacks the autonomy to oppose Party policies.

The National Labor Law

The National Labor Law, the PRC’s first, was promulgated on January 1, 1995. China’s Labor Law stipulates some important guarantees, such as the right of citizens to select their own employer and the right of employers to fire workers, limitations on work hours, minimum wage,²⁷ and occupational safety. The law provides guidelines for employee contracts. It forbids discrimination in hiring on the basis of nationality, race, sex, or religious beliefs.

Local labor bureaus are empowered to impose sanctions upon a company for violating labor laws and to oversee arbitration proceedings. Trade union representatives chair mediation panels and may “support and assist” employees in the resolution of labor disputes. The Labor Law mandates that collective contracts may be concluded through negotiations between enterprise management and trade union officials or labor representatives.²⁸

²⁴ The Business Roundtable, “Corporate Social Responsibility in China: Practices by U.S. Companies,” April 2000. The report describes eight principal areas in which U.S. business practices contribute to social, labor, and environmental conditions in China: Ethical and responsible business behavior; corporate codes of conduct; new ideas and information technology; western business practices; environmental, energy efficiency, health, and safety standards; compensation, benefits, and training; volunteerism, charitable giving, and community activism; and rule of law.

²⁵ Bruce Gilley, “Sweating it Out,” *Far Eastern Economic Review*, May 10, 2001.

²⁶ Rebecca Christie, “Manufacturers Sign-Up to Foreign Workers’ Bill of Rights: The U.S. Code is a Good Start but Lacks Teeth to Improve Factory Standards, Say Critics,” *Financial Times*, June 3, 1999.

²⁷ The minimum wage in many cities is currently about \$38 per month.

²⁸ Douglas C. Markel, “Finally, a National Labor Law,” *The China Business Review*, November-December 1994.

Labor Unions

The ACFTU

The ACFTU is China's official labor union and the only legal labor organization, with branches in most state-owned enterprises (SOEs). Its dual role is to carry out the tasks of the Party as well as promote the interests of workers and supervise the actions of management. Many enterprise unions and mediation committees are chaired by company managers who may also be local Communist Party secretaries.²⁹ Union officials often participate in allocating resources, such as salary increases, distribution of benefits and bonuses, and job assignments, in order to relieve management of the burden of making unpopular decisions. The union often lacks both the autonomy to oppose Party policies and management decisions as well as the power to enforce labor regulations. In some ways, the ACFTU's position is weaker than in the days of the command economy, when management, which was relatively unconcerned about profits, often supported union demands vis-a-vis the government.³⁰ In order to respond to new pressures in the workplace brought on by the transition to a market economy, the National People's Congress Standing Committee recently drafted revisions to the Trade Union Law which emphasize the ACFTU's role in defending labor rights and interests.³¹

The ACFTU claims 103 million members, mostly in state-owned enterprises. Union officials estimate that more than 100 million workers, mostly from private enterprises, shareholding companies, and foreign-funded ventures, have no union affiliation, which the government admits has resulted in "the encroachment on workers' rights and interests." Less than 20%, or fewer than 14 million, non-SOE workers are unionized. In the township and village enterprises (TVEs), only 3.4 % of workers belong to unions.³² In the mid-1990s, the ACFTU began to recruit more workers in the collective and private enterprise sectors, though it has made slow progress. In an effort to attract capital from abroad, local officials often discourage unionization in foreign-invested enterprises.

Union activity in the late 1980s

The ACFTU and its local affiliates have occasionally taken more independent or activist positions. In 1989, ACFTU chairman Zhu Houze reportedly allowed Trade Union officials to take part in the demonstrations for democracy alongside students and independent labor activists. ACFTU-affiliated enterprise unions in Beijing donated money to the student hunger strikers. Labor discontent over inflation, declining real incomes, increasing restrictions and demands on the shop floor, and official corruption had been building for several years. After the military crackdown in 1989, Zhu and other "disloyal" Trade Union officials were purged from the Chinese Communist Party (CCP).

Workers' congresses, established in many SOE's, provide workers some alternative means to voice their opinions. The congresses are elected directly and meet once or twice per year to consider union activities and offer input into enterprise decision-making. In 1997, ACFTU leaders

²⁹ The chairman of the ACFTU is Wei Jianxing, a member of Standing Committee of the Political Bureau. He has publicly stated that union chairmen should be selected by workers, not company bosses.

³⁰ Tianjin Shi, *Political Participation in Beijing* (Cambridge: Harvard University Press, 1997), pp. 58-9.

³¹ *Xinhua* (New China News Agency), August 27, 2001, transcribed in FBIS, August 30, 2001.

³² Zhao Huanxin, "Unions to Play Increased Role," *China Daily*, June 27, 2000; Zhang Feng, "More Unions Needed to Protect Workers, Official States," *China Daily*, November 13, 2000.

announced that workers' congresses would be allowed to evaluate the effectiveness of enterprise unions and managers in implementing the Labor Law. However, in many cases the workers' congresses reportedly simply ratify deals already struck by the management, Party committee, and union representatives in the factory.³³

Labor Unrest in China

Although still politically contained, labor unrest has become a major concern of the CCP. It has provoked some Party leaders to oppose further economic reforms and China's accession to the WTO. Others hope that the economic benefits accruing from the reforms and trade will help mitigate the hardships caused by massive lay-offs. The PRC government has also waged some high-profile anti-corruption campaigns in order to assuage mass discontent. However, labor activism remains tightly controlled.

Recent Labor Unrest

Both mediated disputes and spontaneous, violent demonstrations have been on the rise. According to official Chinese labor statistics, work-related disputes increased fourteen-fold between 1992 and 1999. Labor-management conflicts ranging from contract disagreements to strikes totaled more than 120,000 in 1999, a 29% increase over 1998 and a fourteen fold increase in five years.³⁴ Shanghai union officials reported that labor disputes have risen over 40% annually in the past three years. Labor protests have reportedly become a weekly occurrence in some older industrial cities in China's interior and northeastern regions.³⁵ Workers have demonstrated at their places of employment or local labor bureaus. Analysts suggest that workers have demonstrated primarily for pay, pensions, and jobs, though protests have also reflected anger towards various injustices, including domineering and corrupt managers, poor working conditions, the lack of political representation, and growing disparities of wealth. (**Appendix Table A1.**)

There have been fewer reports of demonstrations at Hong Kong, Taiwan, and Korean-owned firms in the special economic zones, which hire mostly migrant labor. On the one hand, migrant laborers were not involved to a notable degree in the democratic and labor movements of 1989. Unlike SOE workers, who have experienced sharp declines in living standards, most migrants earn much more than they did in their villages, expect less from the government, and are reluctant to complain. On the other hand, some experts suggest that labor unrest in the export zones has been under-reported. They describe many instances of spontaneous protests and strikes, the organization of autonomous unions, and activism by sympathetic reporters, lawyers, and students. Some labor organizers have been arrested for their activities. However, others who do not attempt to mobilize large groups have been more successful. For example, a labor rights lawyer in Shenzhen SEZ has reportedly won 30 out of 200 cases against various enterprises, though he risks harassment by local political authorities.³⁶

³³ Zhao Huanxin, "Unions to Enhance Key Role," *China Daily*, December 6, 1997; U.S. Department of State, "1999 Country Report on Economic Policy and Trade Practices – China."

³⁴ Workers have reportedly been winning arbitration and court cases at rates of 3 to 1, 4 to 1, and even 18 to 1 in some places. John Pomfret, "Chinese Workers Are Showing Disenchantment," *Washington Post*, April 23, 2000, p. A23. See also Ted Plafker, "Incidence of Unrest Rising in China," *Washington Post*, July 18, 2000.

³⁵ Zhang Kun, "Shanghai Union Officials: Labor Disputes Increase over 40 Percent Annually," *China Daily*, March 20, 2001, translated in FBIS, March 20, 2001; Susan Lawrence, "To Rebel is Justified," *Far Eastern Economic Review*, May 27, 1999.

³⁶ Pomfret, "No Workers' Paradise," op. cit.; Anita Chan, "Behind the 'Made in China' Label," *China Now*, (Autumn

Government Suppression of Labor Activism

The Party dreads the rise of a Polish-style, national labor movement, which it has referred to as “the Polish disease.” The activities of Solidarity compelled the Chinese leadership to omit the “freedom to strike” provision from the PRC Constitution in 1982. The violent military response to student demonstrations in 1989 at Tiananmen Square was propelled largely by the fear of growing participation by workers and autonomous labor unions.³⁷

Since the early 1990s, Chinese leaders have often expressed sympathy for unemployed workers, have not carried out mass arrests of labor demonstrators, and have recognized the legitimacy of their demands for employment and adequate pay. However, the PRC government has applied a heavy hand toward autonomous and broad-based labor activity. Government policy has remained highly repressive toward independent labor publications and unions and alliances among workers in different enterprises and cities. According to news sources in Hong Kong, many Chinese labor activists remain in jail for their involvement in the Workers’ Autonomous Federation in 1989 and the Free Labor Union of China in 1994.³⁸ Two prominent labor leaders, Han Dongfang and Liu Nianchun, were exiled in 1993 and 1998, respectively.³⁹ In June 2000, the PRC government released labor activists Li Wangyang and Zhang Jingsheng, each of whom had served a ten-year sentence. Li was rearrested in 2001 after going on a hunger strike in an attempt to compel the government to reimburse him for medical expenses for injuries sustained in prison. (**Appendix Table A2.**)

Sources of Labor Unrest

New management techniques and corruption

During the 1980s, the Communist Party reduced its own prominence on the shop floor and granted factory directors greater influence. While relatively lax about political rectitude, many enterprise managers became especially concerned about discipline and production. The emphasis on profits and the unchecked authority of many factory directors have generated feelings of anxiety over job security, unfairness about arbitrary income differentials, and anger over new forms of corruption.⁴⁰ Workers have accused company managers of siphoning profits for personal benefit or using their positions to unjustly acquire shares in privatization schemes or assets in bankruptcy proceedings.⁴¹

1994).

³⁷ Jeanne Wilson, “The Polish Lesson: China and Poland, 1980-1990,” *Studies in Comparative Communism*, Autumn-Winter 1990.

³⁸ Han Dongfang is Chief Editor of the *China Labour Bulletin* in Hong Kong. The *China Labour Bulletin* monitors the status of 35 of incarcerated Chinese labor activists, who it claims represent “a minority of labour activists and trade unionists detained in prisons and labor camps in China.” Charges include “counter-revolutionary crimes,” subverting state power, disturbing social order, “hooliganism,” and looting.

³⁹ In the United States, Liu Nianchun founded the League for the Protection of the Rights of the Working People.

⁴⁰ The portion of one’s wage tied to his/her output has increased significantly since the mid-1980s. However, many employers do not provide explanations of how they calculate monthly wages.

⁴¹ Jiang Xueqin, “Fighting to Organize,” *Far Eastern Economic Review*, September 6, 2001.

Slow job creation

According to demographic experts, due to high birth rates in the 1960s and 1970s, a large number of Chinese have been entering the work force. The PRC government predicted that between 2000 and 2010, 40 million workers would be added to the urban labor ranks alone.⁴² Many analysts assert that the PRC must maintain an economic growth rate of at least 7% -8% to absorb the increase in job seekers. In 1999, China's economic growth rate barely surpassed 7%, its lowest level since 1990.⁴³ Economic growth expanded to 8% in 2000 and is projected to remain at that level through 2001. However, according to some experts, these rates have been achievable only through heavy government investment or "pump priming."⁴⁴

Rural unemployment pressures

Another source of pressure on the urban job market is the peasantry. Even with real income growth of 63% between 1985 and 1997, rural incomes remained at only 40% of urban incomes.⁴⁵ In the late 1990s, real income growth of Chinese farmers began to fall. The years 2000-01 have produced the smallest gains in rural incomes since 1988-89.⁴⁶ In the mid-1990s, Chinese officials estimated that one-third of the agricultural workforce was unemployed or underemployed. During this period, township and village enterprises or rural industries absorbed much excess labor, employing over 130 million rural inhabitants. However, township enterprises are becoming more mechanized and less labor-intensive in order to compete in the market.⁴⁷ In addition, according to some economists, agricultural mechanization may make an additional 25% of China's 800 million peasants redundant in the next five years.⁴⁸ The resulting 100 million mostly rural migrants flowing into China's cities in search of work have added to unemployment pressures in urban areas, although they generally do work that city residents are unwilling to do.

Economic reforms and China's accession to the WTO

The process of closing or selling small and medium-size state-owned firms began in the mid-1990s. In late 1999, Premier Zhu Rongji advocated converting many large state-owned enterprises into share-holding companies, with the state maintaining less than half of the shares, or selling them to private entrepreneurs and foreign investors.⁴⁹ One economist has estimated that half of an estimated 200,000 unprofitable SOE's may be eliminated by 2005.⁵⁰ Among the

⁴² American Embassy, Beijing, "Foreign Labor Trends – China, 1995-1997," U.S. Department of Labor, Bureau of International Labor Affairs, 1998.

⁴³ "Growth Balances Jobless Rate," *China Daily*, February 14, 1998; Pamela Yatsko and Matt Forney, "Demand Crunch," *Far Eastern Economic Review*, January 15, 1998.

⁴⁴ Michael Dwyer, "Beijing Props Up China's Growth," *Financial Review*, June 27, 2001; Clay Chandler, "China Unveils Bold Plan to Reform Economy," *Washington Post*, March 7, 2001; "Chinese Minister: State Investment Adds 2% to Economic Growth," *BBC Monitoring Asia Pacific – Economic*, January 4, 2000.

⁴⁵ Jean C. Oi, "Two Decades of Rural Reform in China: An Overview and Assessment," *The China Quarterly*, September 1999; James Harding, "Farmers Miss Out on the Good Times," *Financial Times*, October 1, 1999; "Survey: Growth in Rural Income Slowing Down," *China Online*, October 16, 2000.

⁴⁶ Albert Keidel, "China's Economy: A Mixed Performance," *The China Business Review*, May/June 2001.

⁴⁷ "Foreign Labor Trends," op. cit.

⁴⁸ Robert Marquand, "China: Government Puts Brakes on WTO," *Christian Science Monitor*, March 16, 2001.

⁴⁹ Peter Wonacott, "Beijing Signals Rethinking of State-Firm Sale Policy," *Asian Wall Street Journal*, August 6, 1998, p. 3.

⁵⁰ Michael Dwyer, "China Surges on Flood of Foreign Deal-Seekers," *Financial Review*, July 10, 2000; John Pomfret, "Legacy of Socialism Keeps China's State Firms in the Red," *Washington Post*, June 20, 2001.

industries already in economic distress are mining, steel, and textiles. China's accession to the WTO and the opening of its market to foreign goods and investment will likely hurt several additional sectors of the economy. According to one estimate, 100 of China's vehicle manufacturers may face closure if WTO agreements are put into force.⁵¹ China's construction and petrochemical industries are also expected to suffer or lose market share to foreign companies.⁵² Furthermore, China's WTO agreements will reduce agricultural tariffs by 30% to 65%. This will make some U.S. farm products, such as corn and wheat, an estimated 30% cheaper than Chinese products, thereby reducing demand for some locally-grown grains and compelling more farmers to migrate to the cities.⁵³

The PRC government hopes that the burgeoning private sector will provide jobs for many of those recently laid-off. The private sector has been the engine of economic growth and job creation, particularly in high value-added industries. Between 1985 and 1998, the private sector's share of national industrial output rose from 2% to 34%, nearly as large as that of the state sector. New employment in the private sector has exceeded the combined total for state, collective, and township-and-village enterprises.⁵⁴

Urban unemployment

Some experts in China estimate that the urban unemployment rate could be as high as 10-20% or 20-40 million of China's 200 million urban workers. More than two-thirds of those laid-off are from SOEs, which employ 40% of the urban labor force.⁵⁵ In some older industrial cities, such as Wuhan, Xian, and Chongqing in the interior and Harbin and Shenyang in the northeast, one-fifth to one-third of industrial workers are reportedly unemployed. In the next five years, over half of the remaining state industrial workers could lose their jobs.⁵⁶

Loss of social welfare benefits

Even those workers who have kept their jobs have faced new difficulties. State-owned enterprises no longer provide comprehensive, fully-subsidized social welfare benefits such as housing, medical care, pensions, and education. During the 1990's, as part of the government's efforts to reduce the financial burdens of SOE's, housing in most cities was largely privatized. Enterprises sold company apartments or rented them out at rates that gradually reflected market values. Many cities have established housing funds that take employer and employee contributions and provide loans for home purchases.⁵⁷ Under a new program implemented in 2001, workers, pensioners, and

⁵¹ Lachlan Colquhoun, "Losers Pose a Threat to China's 'Win-Win' Deal," *Evening Standard*, November 19, 1999; Craig S. Smith, "WTO Intimidates Chinese Auto Makers," *Wall Street Journal*, May 7, 1999, p. A16.

⁵² Jun Ma and Zhi Wang, "Winners and Losers of China's WTO Entry," *The China Business Review*, March-April 2001.

⁵³ See "China and the WTO – No Hope in Sight," *China Labour Bulletin*, No. 51 (Nov-Dec 1999).

⁵⁴ CRS Report RL30519, *The Growth of the Private Sector in China*, by Wayne M. Morrison; Neil Gregory and Stoyan Tenev, "China's Home-Grown Entrepreneurs," *The China Business Review*, January-February 2001.

⁵⁵ There are an estimated 350 million agricultural workers. Clay Chandler, "WTO Membership Imperils China's Industrial Dinosaurs," *Washington Post*, March 30, 2000; Michael Szonyi, "Potential for Domestic Instability in the People's Republic of China in the Medium-Term, 2001-2006," *Commentary* (Canadian Security Intelligence Service), No. 79 (Fall 2000); Michael Ma, "600,000 Workers Laid-off in China Last Year," *South China Morning Post*, June 13, 2000.

⁵⁶ Marquand, op. cit.

⁵⁷ Xing Quan Zhang, "Privatization and the Chinese Housing Model," *International Planning Studies* Vol. 5, No. 2 (June 2000); Clay Chandler, "Mortgage Fever Hits Shanghai," *Washington Post*, June 19, 2000, p. A10.

laid-off state workers receive an allowance of \$40 to \$60 per year for medical expenses, which can carry over into the next year if unused. For medical expenses over \$175, the individual is responsible for 30% of costs. Many bankrupt SOEs have already depleted pension funds. Laid-off workers may contribute a one-time payment to a pension fund administered by the local government in order to be eligible for old-age benefits.

Unemployment insurance benefits vary from city to city. In Shanghai, an unemployed worker now receives about \$40 per month for two years.⁵⁸ Until January 2001, many laid-off workers in China were classified as “off-duty” and remained on SOE payrolls, although at reduced levels. This system is being phased-out in order to further reduce the financial burdens on SOEs. Local governments, non-profit organizations, and private employment agencies will also relieve state-owned enterprises of the responsibility of providing job search assistance.

Age and sex discrimination

Many unemployed workers are in their late 30s or over 40 years of age, possess few transferable skills, and lack geographical mobility. Many of them came of age during the Cultural Revolution, when educational opportunities and standards fell. In China’s new economy, many jobs are reserved for the young and those versed in new technologies.⁵⁹ Other laid-off workers do not have the financial resources, personal connections, or experience necessary to start their own businesses. Many have managed to survive by peddling cheap goods, offering low-skill services, or relying upon relatives.

Female workers have suffered disproportionately under economic restructuring. During the economic downturn of 1999, the PRC government lowered the official retirement age for women from 55 to 45 years (the retirement age for men is 60). Female employees have often been the first to lose their jobs. In 1998, the Asian Development Bank reported that although women constituted 36% of the workforce, almost 70% of those being laid off were women. Women between the ages of 35 and 50 were the most affected, and the least likely to be retrained.

Implications for Chinese Politics

While some analysts argue that labor unrest may undermine Communist Party authority, others suggest that workers do not pose an immediate threat to the regime. On the one hand, some political observers note the influence of the Chinese working class since the 1930s, the importance of its support for party legitimacy, and the seriousness with which the CCP is addressing its complaints and monitoring its actions. So worried is the Party about social discord among workers and farmers that it has established an Office on Maintaining Social Stability, headed by Wei Jianxing, chairman of the ACFTU.⁶⁰ At the National People’s Congress meeting in March 2000, Minister of Labor and Social Security Zhang Zuojie stated that “unemployment was a factor of social instability” while State Economic and Trade Commission Minister Sheng Huaren admitted that large protests in some regions have occurred. Sheng stressed that the government must “address the issue immediately to prevent the situation from getting worse” and “maintain

⁵⁸ This amounts to less than half of average monthly income in China and less than one-fourth of urban monthly income.

⁵⁹ “Michael Dorgan,” “In Their 30s, 40s? That’s Often Too Old to Find a Job in China,” *San Diego Union-Tribune*, September 14, 2000.

⁶⁰ Willy Wo-Lap Lam, “Beijing Sets Up Unit to Halt Unrest,” *South China Morning Post*, April 24, 1998.

social stability and at the same time appropriately deepen reform.”⁶¹ In June 2001, the Communist Party Central Committee published a report which warns that relations between party officials and the masses are “tense” and collective protests are on the rise. The report suggests that the anticipated acceleration of economic reforms will lead to even greater social conflict.⁶²

Studies show that state industrial workers are potentially troublesome for the Chinese leadership for three reasons. First, many of these workers feel bitter about not having benefitted more from the country’s economic boom. While still better off than many peasants and rural migrants, they have nonetheless suffered from both absolute and relative declines in living standards and socio-economic status. Many SOE workers are not only materially worse off than they were in the early-1990s, but also poorer relative to workers in the growing private sector – their wages are less than two-thirds that of workers in private, joint venture, and foreign companies.⁶³ Second, Chinese work units have nurtured strong group ties which are conducive to collective action. Third, most state industrial workers are literate and live in large urban areas near centers of intellectual activity. These factors contribute to feelings of frustration and anti-governmental sentiment, the capacity to mobilize and organize effectively for political action, and the likelihood of joining dissident movements led by intellectuals.

On the other hand, other analysts describe five principal factors that weaken labor as a political force. First, the CCP and the police are watchful of labor activities in the work unit and elsewhere and aggressively suppress independent union activity and political linkages among all social groups. Second, in the past decade, the aims of Chinese workers have been mainly economic and local in nature. Their protests generally concern issues of pay and job security rather than human rights such as the freedoms of speech, publication, and assembly. Workers normally target corrupt managers or local labor bureaus rather than the central government or the Communist Party. Furthermore, many workers harbor feelings of dependency upon the government rather than desires for greater independence. Third, the private economy has provided a “pressure valve” for labor discontent, allowing many workers to find alternative means of livelihood.

Fourth, many analysts argue that Chinese workers lack unity. Some studies describe Chinese workers within enterprises as segmented by age, gender, skill level, regional background, and other characteristics. Furthermore, protests at one factory rarely lead to more widespread activities in which workers from different companies or cities join forces.⁶⁴ Furthermore, with increasing layoffs and geographical mobility, many workers are no longer bound together in the factory or factory housing. Fifth, Chinese dissident intellectuals have often displayed a reluctance to involve workers, whom they perceive as difficult to control. Not since the late 1980s, when high rates of inflation threatened to erase income gains across the social spectrum, have workers and other urban groups rallied around a single cause against the national government.

Implications for U.S. Policy

Chinese labor unrest presents several issues for the U.S. Congress, including its effects upon Chinese society and politics, human rights, and China’s compliance with WTO requirements.

⁶¹ *China News Digest*, March 10, 2000.

⁶² Erik Eckholm, “China’s Inner Circle Reveals Big Unrest, and Lists Causes,” *New York Times*, June 3, 2001.

⁶³ Zhu, Ying, “Major Changes Underway in China’s Industrial Relations,” *International Labor Review*, Jan-Feb 1995, p. 43.

⁶⁴ Ching Kwan Lee, “From Organized Dependence to Disorganized Despotism: Changing Labour Regimes in Chinese Factories,” *The China Quarterly*, March 1999; Todd Crowell and David Hsieh, “Special Report: The Jobs Nightmare,” *Asiaweek*, October 9, 1998.

Some Members of Congress have proposed imposing labor conditions upon U.S. trade and investment in China. Others have claimed that China competes unfairly through its use of underpaid and prison labor and that trade overall should be restricted. Some labor advocates have argued that U.S. companies exploit Chinese workers and that the U.S. government and American companies should add social clauses to WTO regulations, better monitor the behavior of foreign subcontractors, and pressure the PRC government to enforce national labor laws and invoke international labor standards.

Other analysts and Members of Congress have argued that U.S. trade and investment in China have already produced positive economic and social changes in the PRC. Some American business persons have described how Western management practices in the PRC have exposed Chinese employees and managers to such principles as business ethics, transparency of business transactions, free access to information, merit-based pay and promotion, and individual privacy.⁶⁵ Some observers have posited that the PRC's membership in the global trading system and increased foreign investment will help strengthen the rule of law in China and further expose Chinese citizens to the democratic notion of legal rights.⁶⁶

Some studies show that increased foreign trade and investment has helped to enlarge China's educated, urban middle class, which is likely to espouse democratic values. Chinese sociologists have identified a "new middle class" of urban professionals and entrepreneurs that earn over \$2,500 per year.⁶⁷ A large number of them work outside the state sector or in foreign-invested enterprises. The United States is the second largest source of external investment after Hong Kong.⁶⁸ Many "blue collar" workers are also benefitting from China's globalization. Workers in the special economic zones reportedly earn twice the minimum wage of \$38 per month, not counting subsidized housing and meals. In some cities, such as Beijing, Shanghai, Guangzhou, and Shenzhen, factory wages range from \$175 to \$300 per month.⁶⁹ Even migrant communities are reportedly becoming more affluent.⁷⁰ According to a study by a U.S.-China trade group, wages at U.S. factories in China are more than twice as high as wages for comparable jobs at Chinese state-owned enterprises.⁷¹ The Ministry of Labor and Social Security reported that the average annual income of employees in foreign firms and overseas firms was \$1,800 and \$1,500, respectively, while that of employees in domestic private firms and collectively-owned enterprises was \$896 and \$920, respectively.⁷²

⁶⁵ Scott Seligman, "How Business Changes China," *Washington Post*, April 11, 2000.

⁶⁶ Steven Greenhouse, "Union Leaders, Sensing Betrayal, Will Try to Block Agreement," *New York Times*, November 17, 1999.

⁶⁷ According to marketing studies, China's "new middle class" constitutes 20% of the urban population or about 70 million persons.

⁶⁸ U.S. foreign direct investment totaled \$4.4 billion in 2000. See CRS Issue Brief IB98014, *China's Economic Conditions*, by Wayne M. Morrison.

⁶⁹ Economist Intelligence Unit, October 13, 2000.

⁷⁰ Nicholas D. Krostof and Sheryl WuDunn, "The Straight Story about Those Awful Overseas Sweatshops," *The Oregonian*, October 1, 2000; Shai Oster, "Behind the Lavel 'Made in China'," *Christian Science Monitor*, July 2, 2001.

⁷¹ In 2000, the U.S.-China Business Council reported that the actual average hourly wages paid by U.S. companies in China were as follows: administrative and support staff – \$4.25; finance and accounting – \$5.01; sales and marketing – \$8.71; manufacturing and production – \$3.86.

⁷² "Ministry Reveals Wide Income Disparity among Chinese," *People's Daily*, August 24, 2001.

Appendix

Table A1. Reported Major Labor Demonstrations, 1999-2001⁷³

Date	Action
July 1999	Huainan, Anhui: 2,000 workers participated in a sit-in demonstration protesting the closure of a paper factory and demanding that the government return the money that they had been forced to invest in shares of company stock. The demonstrators detained the factory director and Party secretary who had attempted to talk with them. They were joined by 500 workers from a nearby electronics factory. After five days, they were dispersed by 2,000 armed riot police.
November 1999	Weinan, Shaanxi: 1,000 laid-off textile workers reportedly clashed with police. Among their complaints was the unemployment benefit of \$11.00 per month which was not enough to live on.
April 2000	Yangjiazhangzi (250 miles northeast of Beijing): Nearly 20,000 laid-off miners “burned cars, barricaded streets, smashed windows, and set fire to oil drums.” The workers protested lack of pay, an inadequate severance package, and favoritism by government officials and management in apportioning the mine to private shareholders. A People’s Liberation Army detachment quelled the riots. No deaths were reported.
May 2000	Liaoyang, Liaoning: 5,000 metal workers clashed with police during two days of protests. The workers, many who had been laid off or forced into early retirement, had not been paid for up to 16 months. Workers blocked the main highway to the provincial capital Shenyang. They surrounded the local city hall and hung banners.
December 2000	Chuzhou, Anhui: Rail traffic between Shanghai and Beijing was suspended for nearly eight hours after 1,000 workers blocked a railway line to protest lay-offs and mounting back pay. 500 police officers arrived at the scene but were reportedly reluctant to use force, pulling demonstrators off the tracks one-by-one, and arresting three organizers.
March 2001	Guiyang, Guizhou: Hundreds of angry workers from a state-owned metal processing factory blocked several roads to demand unpaid wages and pensions.
April 2001	Zibo, Shandong: Several hundred disgruntled workers reportedly marched to the government office of Zibo City to demand government support for their ailing chemical fertilizer company. They dispersed after the municipal government agreed to look into the matter.
May 2001	Chengdu, Sichuan: Police raided the underground offices of the Chinese Industrial Workers’ Alliance, Chengdu branch. They confiscated written materials, computers, and printing equipment and arrested 14 persons.

⁷³ *China Labour Bulletin Press Release*, July 2, 1999; Yan Wang and Wu Yiyi, “Laid-Off Workers Clash with Police in Shaanxi,” *China News Digest*, November 11, 1999; “20,000 Miners Riot over Low Severance Payments,” *South China Morning Post*, April 4, 2000; John Pomfret, “Miners’ Riot A Symbol of China’s New Discontent,” *Washington Post*, April 5, 2000; *Inside China Today*, June 1, 2000; Josephine Ma, “Key Rail Line Blocked by Irate Workers,” *South China Morning Post*, November 30, 2000; Josephine Ma, “Workers Block Roads in Protest over Pay,” *South China Morning Post*, March 27, 2001; <http://www.89-64.com>, April 2, 2001; *China Labour Bulletin*, No. 58 (Jan-Feb 2001).

**Table A2. Reported Arrests of Prominent Labor Activists,
1999-2001⁷⁴**

Date	Action
December 1998	Zhang Shanguang was charged with “endangering state security” and sentenced to 10 years in prison. Zhang had helped to found the Association to Protect the Rights and Interests of Laid-off Workers in Hunan. He also informed the U.S. government-funded Radio Free Asia about farmers’ protests.
February 1999	Zhang Xucheng, Li Jinhua, and Yan Jinhong were sentenced to 5 years, 18 months and, 12 months, respectively, for leading in a demonstration in Sichuan province. Public security officers arrested them following the protests in which 500 steel workers, who had not received unemployment benefits, blocked a railway. They were detained after police broke up a protest by 500 laid-off steel workers on October 21.
July 1999	The People’s Court in Gansu province sentenced Yue Tianxiang, Guo Xinmin, and Wang Fengshan to jail terms of 2 years to 10 years. They were convicted on subversion charges. Yue and Guo had been drivers for Tianshui City Transport until they were laid off in 1995. After failing to get compensation from their company, they started the <i>China Workers’ Monitor</i> , a labor rights journal. Wang helped Yue and Guo to publish the journal. Wang was released in August 2000.
May 2000	Zhang Shanguang, founder of the short-lived Association to Protect the Rights and Interests of Laid-off Workers, lost an appeal against a 1998 10-year prison sentence for providing “intelligence” to foreigners. Zhang had informed Radio Free Asia reporter about worker protests in Hunan Province. He and other prisoners were reportedly beaten in June 2001 after circulating a petition to improve living conditions and end torture in the prison.
July 2000	Labor rights lawyer Xu Jian was sentenced to four years in prison for “incitement to overthrow the state.” Xu had provided legal counsel to workers involved in labor dispute cases and arbitration. He printed leaflets educating workers on their rights to elect union representatives and on prerogatives of the workers’ congresses.
December 2000	Cao Maobing, who led workers at a silk factory in Jiangsu province in a strike and efforts to form an independent labor union, was arrested and reportedly sent to a psychiatric hospital. He was released in July 2001.
May 2001	Li Wangyang, an organizer of the Shaoyang Workers’ Autonomous Federation in 1989 and jailed from 1990-2000, was re-arrested while recuperating in a hospital. He was later charged with “incitement to subvert state power.”

⁷⁴ “Labor Rights Activist to Appeal his 10-Year Prison Sentence,” *Seattle Times*, January 14, 1999; Hong Kong *Agence France Presse*, February 4, 1999, translated in FBIS, February 4, 1999; Daniel Kwan, “Labour Activists Jailed for Publishing Journal,” *South China Morning Post*, July 6, 1999; U.S. Department of State, “2000 Country Reports on Human Rights Practices – China”; *China Labour Bulletin*, No. 58 (Jan-Feb 2001); *China Labour Bulletin* Newsbrief, September 2001.

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